

REBOUL, MACMURRAY, HEWITT, MAYNARD & KRISTOL

45 ROCKEFELLER PLAZA

NEW YORK, N.Y. 10111

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HOWARD G. KRISTOL  
JOHN C. MACMURRAY  
JOHN MAYNARD  
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March 30, 1993

3-089A010

REC'D 18183  
RECORDATION NO. FILED 1425

MAR 30 1993 2-1 E PM

INTERSTATE COMMERCE COMMISSION

Interstate Commerce Commission  
Washington, D.C.  
Attention of Secretary

Dear Sirs:

We enclose counterparts of the document described below, to be recorded pursuant to section 11303 of Title 49 of the United States Code.

The documents is a security agreement and mortgage, a primary document, dated as of March 30, 1993.

The names and addresses of the parties to the documents are as follows:

Mortgagor:

IC Leasing Trust II  
c/o Wilmington Trust Company  
Rodney Square North  
Wilmington, Delaware 19890-0001

Secured Party, Mortgagee:

UNUM Life Insurance Company of America  
2211 Congress Street  
Portland, Maine 04122-0590

follows: A description of the equipment covered by the documents

Seventeen General Motors model SD40-2 locomotives, bearing the marks BN and the numbers 6753 through 6759, 6761 through 6764, 6766, 6768 through 6772, to be renumbered IC6144 through IC6160.

A fee of \$16.00 is enclosed. Please return any extra counterparts, not need by the Commission for recordation to:

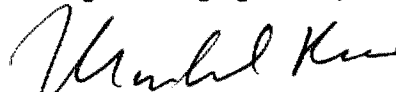
James E. Magee, Esq.  
Reboul, MacMurray, Hewitt,  
Maynard & Kristol  
1111 19th Street, N.W.  
Suite 406  
Washington, D.C. 20036

follows: A short summary of the document to appear in the index

Security Agreement and mortgage dated as of March 30, 1993, between IC Leasing Trust II and UNUM Life Insurance Company of America, granting a security agreement and mortgage in seventeen model SD40-2 locomotives.

Please cross index this document with recordation number 18104.

Very truly yours,

  
Michael Rice

Enclosure

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RECORDATION NO. \_\_\_\_\_ FILED 1425

MAR 30 1993 2-15 PM

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT AND MORTGAGE

dated as of

March 30, 1993

between

IC LEASING TRUST II

and

UNUM LIFE INSURANCE COMPANY OF AMERICA

---

Seventeen General Motors Electro-Motive Division Model SD-40-2  
Diesel-Electric Locomotives Leased to  
Illinois Central Railroad Company

## SECURITY AGREEMENT AND MORTGAGE

This SECURITY AGREEMENT AND MORTGAGE ("Agreement") is made and entered into as of the 30th day of March, 1993, by and between IC LEASING TRUST II, a Delaware trust ("Debtor") and UNUM LIFE INSURANCE COMPANY OF AMERICA, a Maine corporation ("Secured Party").

### WITNESSETH:

WHEREAS the Debtor is a trust duly constituted under the laws of the State of Delaware for the benefit of IC Leasing Corporation II, a Nevada corporation ("Beneficial Owner");

WHEREAS the Beneficial Owner has requested that the Secured Party finance the purchase by the Debtor of up to seventeen used SD 40-2 locomotives on the terms and conditions set forth herein; and

WHEREAS, subject to the terms and conditions set forth herein, Secured Party will provide the financing so requested.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements hereinafter contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

### A. THE NOTE

#### A.1 Issuance of the Note.

(1) Amount of the Note. Subject to fulfillment of the conditions specified herein, Debtor agrees to issue to Secured Party and Secured Party agrees to purchase from Debtor, a promissory note in the amount requested by Debtor to be used to finance the purchase price of up to seventeen used SD 40-2 diesel electric locomotives originally manufactured by the Electro-Motive Division of General Motors Corporation, currently bearing the marks BN6753 through BN6759, BN6761 through BN6764, BN6766, and BN6768 through BN6772, and to be renumbered IC6144 through IC6160 (individually a "Unit" and collectively the "Units"), provided that the aggregate principal amount of all advances to be made to Debtor hereunder shall not exceed \$4,454,000.

(2) The Funding Date. On March 30, 1993 (or such other date to which the parties shall agree (such date being hereinafter referred to as the "Funding Date"), and subject to the satisfaction of the conditions set forth herein, Debtor will

issue to Secured Party and Secured Party will purchase from Debtor a promissory note in the amount of \$4,454,000, with such amount to be paid by Secured Party to General Electric Capital Corporation ("GECC"), the vendor of the Units, in satisfaction and discharge of the purchase price of the Units and in consideration of GECC releasing its lien and purchase money security interest in the Units; provided, however, that if seventeen Units are not settled for on the Funding Date, the amount of the advance to be made by Secured Party on the Funding Date shall be reduced by \$262,000 for each Unit less than seventeen that is settled for on the Funding Date.

(3) The Note. On the Funding Date, Debtor shall execute and deliver to Secured Party the Debtor's promissory note (the "Note") in substantially the form of Exhibit A attached hereto. The Note shall be dated the Funding Date, shall be in the principal amount of the advance made on the Funding Date, shall have a final maturity of September 30, 2000, shall bear interest at the rate set forth therein, and shall be payable in ninety monthly instalments of principal and interest, payable on the last day of each February and the 30th day of each other month during the term of the Note, calculated so that each instalment of principal and interest is approximately equal and the aggregate of all such instalments of principal shall completely discharge the indebtedness under the Note on September 30, 2000.

All calculations of interest under the Note shall be made on the basis of a 360-day year containing twelve 30-day months.

#### A.2 Prepayments.

(1) Prepayment Limited. No prepayment of the Note may be made except to the extent and in the manner expressly permitted by this Section A.2.

(2) Mandatory Prepayments-Casualty Occurrences. In the event of a termination of the Lease pursuant to the provisions of Section 7 thereof (relating to Casualty Occurrences) with respect to any Unit, on the date of such termination, Debtor shall prepay and apply, and there shall become due and payable, a principal amount of the Note equal to the then outstanding principal balance of the Note divided by the total number of Units then subject to this Agreement, together with all accrued and unpaid interest thereon. Upon making the payment required by this subsection (2) of Section A.2 and compliance by Debtor with all other terms and provisions of this Agreement, the Unit sustaining a Casualty Occurrence shall thereafter not be deemed to be a Unit subject to this Agreement.

(3) Payments for Certain Casualty Occurrences. With respect to each prepayment of principal which is attributable to a Casualty Occurrence under Section 7 of the Lease and which is unrelated to the loss, theft, destruction or irreparability (under customary industry standards) of the Unit, or which exceeds four (4) Casualty Occurrences in any calendar year, Debtor shall pay to Secured Party, in addition to the amounts payable pursuant to subsection (2) of this Section A.2, on the date the prepayment of principal is required to be made pursuant to such subsection, the Prepayment Fee, calculated as described in subsection (6) of this Section A.2.

(4) Application of Mandatory Prepayments. The principal amount of any mandatory prepayments made under subsection (2) of this Section A.2 shall be applied to reduce the remaining instalments of principal of the Note, so that the principal paid on each date for an instalment of principal shall bear the same proportion to the original principal amount payable on such date as the total unpaid balance bears to the original principal amount unpaid on such date (but for such prepayment), and upon the due payment of all payments thereafter, the entire principal amount of the Note shall have been paid.

(5) Optional Prepayment. Upon any installment payment date occurring on or after December 30, 1996, as is specified by Debtor in a notice delivered to Secured Party not less than 60 days prior thereto, Debtor may prepay all but not less than all of the principal and accrued interest on the Note, together with the Prepayment Fee, calculated as described in subsection (6) of this Section A.2. Upon issuance by Debtor of the notice of optional prepayment, all principal and accrued interest and the Prepayment Fee shall be due and payable by Debtor to Secured Party on the date set forth in such notice and such notice, when issued, shall be irrevocable by Debtor.

(6) Prepayment Fee. Whenever required to be calculated hereunder, the Prepayment Fee shall be reasonably calculated by Secured Party to be an amount equal to the amount by which (a) the present value of all outstanding instalments of principal and interest under the Note, discounted at 50 basis points plus the then current yield to maturity for United States Treasury obligations having an average life closest to the remaining average life of the remaining instalments of principal of the Note, exceeds (b) the then outstanding principal balance of the Note; provided, however, that if less than the entire outstanding principal balance under the Note is then being prepaid, the amount calculated shall be multiplied by a fraction, the numerator of which is the principal amount being prepaid and the denominator of which is the outstanding principal balance under the Note.



A.3 Conditions Precedent.

(1) Funding Date. The obligation of Secured Party to purchase the Note on the Funding Date shall be subject to fulfillment of the following conditions to the satisfaction of Secured Party and its counsel:

(a) On or prior to the Funding Date, copies of the following documents shall have been delivered to each party thereto, with fully executed counterparts delivered to Secured Party:

- (i) this Agreement;
- (ii) the Trust Agreement ("**Trust Agreement**"), creating the Debtor;
- (iii) evidence of registration of the Debtor under the Delaware Business Trust Act;
- (iv) the Note;
- (v) the Assignment of Lease and Conveyance dated as of the date hereof between the Beneficial Owner and the Debtor ("**Conveyance**");
- (vi) the Assignment of Lease and Agreement dated as of the date hereof between the parties hereto ("**Lease Assignment**");
- (vii) the Support Agreement dated as of the date hereof between the Beneficial Owner and the Secured Party ("**Support Agreement**");
- (viii) a fully executed counterpart of the Railroad Locomotive Lease Agreement dated as of January 14, 1993 ("**Lease**"), between the Beneficial Owner and Illinois Central Railroad Company ("**Lessee**"), together with all Schedules thereto, in form and substance satisfactory to Secured Party;
- (ix) the Acknowledgment of Notice of Assignment and Agreement executed by Lessee in substantially the form attached to the Lease Assignment ("**Acknowledgment**");

(b) On or prior to the Funding Date, Secured Party shall have also received:

- (i) certified copies of the appropriate proceedings of the board of directors of Beneficial Owner with respect to the Lease, the Trust Agreement, the Support Agreement and the Conveyance, and the other instruments contemplated herein and therein and to the execution, delivery and performance thereof by Debtor;
- (ii) certified copies of the Articles or Certificates of Incorporation and bylaws of Beneficial Owner;
- (iii) incumbency certificate of Beneficial Owner with respect to those officers executing the Lease, the Trust Agreement, the Conveyance, the Support Agreement, and the other documents delivered by Beneficial Owner in connection herewith or therewith;
- (iv) closing Certificate of Beneficial Owner certifying that the representations and warranties of Beneficial Owner contained in the Support Agreement and in any documents or certificates delivered pursuant thereto are true and correct on and as of the Funding Date with the same effect as though made on and as of the Funding Date; that on the Funding Date there is no default under the Lease, or the occurrence of any event which, but for the lapse of time or the giving of notice, or both, would constitute such a default; and that Beneficial Owner is not in default with respect to any of its obligations under the Support Agreement, nor has any event occurred which, but for the lapse of time, or the giving of notice, or both, would constitute such a default;
- (v) evidence of filing of this Agreement, the Lease, the Conveyance, the Lease Assignment, and such other documents as Secured Party may reasonably require

with the ICC pursuant to 49 U.S.C.  
§11303;

- (vi) release executed by GECC, and other evidence satisfactory to Secured Party that Debtor has good and marketable title to the Units, free of all claims, liens, security interests and other encumbrances except Permitted Encumbrances (as defined in section B7);
- (ix) certified copies of the appropriate proceedings of the board of directors of Lessee with respect to the Lease, the Acknowledgement, and the other documents contemplated therein and to the execution, delivery and performance thereof by Lessee;
- (x) incumbency certificate of Lessee with respect to those officers executing the Acknowledgement;
- (xi) opinion of counsel to Lessee, in form and substance satisfactory to the Secured Party;
- (xii) opinion of counsel to Debtor, in form and substance satisfactory to the Secured Party;
- (xiii) opinion of counsel to Beneficial Owner, in form and substance satisfactory to the Secured Party;
- (ix) insurance certificates covering the Units;
- (x) a copy of the most recent audited financial statements of Lessee and unaudited financial statements of Beneficial Owner for the most recent fiscal year, and unaudited financial statements for the last calendar quarter for which such statements are available, in each case certified by an officer of Lessee or Beneficial Owner, as the case may be, and such other interim financial statements and information regarding Lessee or Debtor as may be reasonably

requested by Secured Party; and

- (xi) such other opinions, approvals, certificates, agreements or other documents as Secured Party may reasonably request.

(c) There shall not have occurred or exist any material adverse change in the operations, prospects or financial condition of Lessee or Beneficial Owner calculated with respect to the period from December 31, 1992, to the Funding Date.

(d) Secured Party shall have received such evidence of fulfillment of the foregoing conditions of this Section A.3(1), including, without limitation, opinions of counsel or certificates of officers of Debtor and Beneficial Owner, public officials and others, as Secured Party or its counsel may reasonably require to establish to its satisfaction the fulfillment of such conditions.

(e) Secured Party's obligation to make the advance hereunder (i) shall not be prohibited by any applicable law or governmental regulation, (ii) shall not subject Secured Party to any penalty, or in its reasonable judgment, other onerous conditions which arise subsequent to the date of this Agreement under or pursuant to any applicable law or governmental regulation, and (iii) shall be permitted by the laws and regulations of the jurisdictions to which Secured Party is subject. If requested by Secured Party, Debtor shall have delivered to Secured Party factual certificates or other evidence reasonably available to Debtor, in form and substance Satisfactory to Secured Party, to enable Secured Party to establish compliance with this condition, to the extent such compliance relates to the nature, condition, action or inaction of Debtor.

**A.4 Representations and Warranties and Covenants.**  
Debtor hereby makes the following representations and warranties and covenants, each of which is true and correct on the date hereof and each of which shall survive the Funding Date:

(a) Debtor is a trust duly organized and validly existing under the laws of the State of Delaware pursuant to the Trust Agreement, and the Debtor has been formed under, and is subject to the terms of, the Delaware Business Trust Act.

(b) Debtor has the full power and authority to execute, deliver and perform this Agreement, the Note, the Trust Agreement, and all other documents referred to herein to which Debtor is a party.

(c) This Agreement has been duly authorized, executed and delivered by Debtor and, assuming due authorization, execution and delivery by Secured Party, constitutes the legal, valid and binding obligation of Debtor enforceable against it in accordance with its terms.

(d) All documents referred to in this Agreement to which Debtor is a party have been duly authorized, and when executed and delivered by Debtor and, assuming due authorization, execution and delivery by the other parties thereto, shall constitute the legal, valid and binding obligations of Debtor.

(e) The Note has been duly authorized by Debtor and, when executed and delivered by Debtor, shall constitute, upon and to the extent of the advance of funds by Secured Party to Debtor thereunder, the legal, valid and binding obligation of Debtor.

(f) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by Debtor of this Agreement, the Trust Agreement, the Note and all other documents referred to herein to which Debtor is a party, except for the filing of this Agreement, the Lease, the Conveyance, and the Lease Assignment with the ICC pursuant to 49 U.S.C. §11303.

(g) Neither the execution, delivery or performance by Debtor of this Agreement, the Trust Agreement, the Note and all other documents referred to herein to which Debtor is a party, nor compliance with the terms and provisions thereof, conflicts or will conflict with or will result in a breach or violation of any of the terms, conditions or provisions of law, governmental rule or regulation or any order, writ, injunction or decree of any court or governmental authority against Debtor or by which it or any of its properties is bound, or of any indenture, mortgage or contract or other agreement or instrument to which Debtor is a party or by which it or any of its properties is bound, or constitutes or will constitute a default thereunder or will result in the imposition of any lien not permitted hereby upon any of its properties.

(h) On the Funding Date, Debtor will have good and lawful title to the Units and the good and lawful right to assign the same to Secured Party, free from all claims, liens, security interests and other encumbrances, except for the rights of Lessee under the Lease and Permitted Encumbrances; upon filing of this Agreement with the ICC, Secured Party will have a valid and perfected first priority lien on and security interest in the Collateral superior to the rights of all third persons, and all

of the Units are in good condition and repair and adequate for the use to which they are being put.

(i) The Lease evidences a bona fide lease of the property described therein to Lessee all as set forth in the Lease, is valid and enforceable against Lessee in accordance with its terms, is in full force and effect and has not been amended, modified or supplemented.

A.5 Covenants. Debtor hereby makes the following covenants, which shall remain in effect so long as any amount payable under the Note shall remain outstanding:

(a) Debtor will not, without the prior written consent of Secured Party, (i) declare a default or exercise the remedies of the Lessor under the Lease, (ii) amend, modify, issue any consent or waiver of, or grant a release from any provision of the Lease, (iii) terminate, cancel, modify or accept a surrender of the Lease, (iv) offer or accept by affirmative act or permit any cancellation or termination of the Lease, or (v) by affirmative act consent to the creation or existence of any security interest or other lien to secure the payment of any obligation or indebtedness of Lessee upon the leasehold estate created by the Lease or any part thereof.

(b) Debtor will provide to Secured Party, promptly upon Debtor's receipt thereof, copies of all financial and other information provided to Debtor by Lessee under the Lease, including without limitation the financial information described in Section 25(B) of the Lease; provided, that Debtor shall not be required to deliver to Secured Party copies of those financial statements of Lessee which Secured Party has received from Lessee pursuant to the terms of the Acknowledgement.

(c) Debtor will permit Secured Party to examine, upon reasonable notice and at reasonable times, all books and records of Debtor concerning the Units, the Lease, and the trust estate created by the Trust Agreement.

(d) Debtor will not change its name, the address of its principal office or place of business or the place where it maintains its records with respect to the Units and this transaction except upon thirty days prior written notice to Secured Party, and Debtor shall execute all documents and instruments reasonably requested by Secured Party in order to continue the perfection of the security interests contemplated hereby.

(e) Debtor shall not engage in any activity, or take any action, which is unrelated to the transactions described

herein, including without limitation, engaging in any other business activity, acquiring additional locomotives, railcars or any other equipment or other assets, or incurring any liabilities or obligations other than those created by the Lease, the Trust Agreement or this Agreement.

(f) Debtor shall not sell, lease, assign or otherwise transfer or dispose of any of its assets without Secured Party's prior written consent.

A.6 Debtor's Liability. The obligations of Debtor under the Note are non-recourse obligations of Debtor, limited to the income and proceeds from the Lease and the Units, and the Secured Party shall look only to the Lessee for the payments due and to become due under the Notes. All liability for any default under this Agreement and for any breach of any of the Debtor's representations, warranties or covenants contained herein shall be limited to the trust estate created by the Trust Agreement, and neither Wilmington Trust Company nor any successor trustee shall have any personal liability therefor. Nothing contained herein shall, however, affect the right of Secured Party to proceed directly against the Lessee and the Units for the full and complete payment of the indebtedness created hereby.

## B. SECURITY

### B.1 Grant of Security.

(a) In order to secure the prompt payment when due of the principal and interest on the Note (whether now or hereafter outstanding), and of all other moneys payable and to be payable to Secured Party under this Agreement (collectively the "Indebtedness") and the timely and faithful performance and observance by Debtor of all of the agreements, covenants and provisions contained in this Agreement and the Note, Debtor does hereby grant, convey, pledge, sell, mortgage, assign, transfer and set over to the Secured Party a security interest in (i) all of Debtor's right, title and interest including any interest hereafter acquired in every Unit described herein; (ii) Debtor's interest in accessions, accessories, equipment, appurtenances and replacement and added parts appertaining or attached to any of the Units owned or hereafter acquired and all substitutions, renewals or replacements of and additions, improvements, accessions and accumulations to any of said Units (the Units and all substitutions, renewals or replacements of and additions, improvements, accessions and accumulations to any of said Units described in items (i) and (ii) above being hereinafter sometimes collectively referred to herein as the "Security Equipment"), together with all the rents, issues, income, profits, proceeds

and avails therefrom and the proceeds thereof; (iii) all proceeds and all present and future evidences of rights to payment (including, without limitation, insurance and indemnity payments) due or to become due to Debtor on account of the lease, sale, loss or other disposition of the Security Equipment; (iv) all rights, claims and causes of action, which Debtor may have against the manufacturer, rebuilder or seller of the Security Equipment (or any component thereof) or any other party, by contract or otherwise, in respect of any defect in the Security Equipment; (v) subject to the provisions of the Assignment, all of Debtor's right, title and interest in and to the Lease and the rentals and other payments due thereunder; (vi) the bills of sales or other similar documents, agreements and instruments relating to the Units (collectively, the "Documentary Security" or "Security Documentation"), together with all of Debtor's estate, right, title, interest, claims and demand in, to and under such documents, agreements and instruments including all extensions of any of the terms thereof, together with all rights, powers, privileges, options, and other benefits of Debtor, including without limitation the right to receive notices, give consents, exercise any election or option, declare defaults and demand payments thereunder; (vii) all rent, damages and other moneys from time to time payable to or receivable by Debtor under the Documentary Security; and (viii) all of the trust estate created by the Trust Agreement (such Security Equipment, Documentary Security, proceeds, rights, claims and causes of action described in items (i) through (viii) above being herein sometimes collectively called the "Collateral"), to have and to hold all and every part of the Collateral unto Secured Party, and its successors and assigns, for its and their own use and benefit forever.

(b) PROVIDED FURTHER, that it is expressly understood and agreed that the security interests hereby granted Secured Party are continuing security interests and will not be deemed to have been extinguished or satisfied in whole or in part notwithstanding the fact that the Indebtedness may be reduced from time to time; provided, however, that with respect to any Unit as to which Debtor made a mandatory prepayment pursuant to subsection (2) of Section A.2, Secured Party shall, upon Debtor's request, execute and deliver a release of whatever right, title or interest Secured Party may have acquired in such identified Unit.

(c) PROVIDED FURTHER, and these presents are on the condition that, if Debtor, or its successors or assigns, shall pay or cause to be paid to Secured Party all of the Indebtedness in accordance with its terms, as provided in this Agreement and the Note and shall well and faithfully perform and observe all of the agreements, covenants, and provisions hereof and thereof at



the time and in the manner specified, then all rights herein assigned to Secured Party shall cease and terminate, all estate, right, title and interest of Secured Party in and to the Collateral shall revert to Debtor and this Agreement and rights and powers granted herein and hereby shall cease to be binding and shall be of no further force and effect and, upon the reasonable request of Debtor, Secured Party shall execute and deliver to Debtor termination statements and other documents necessary to indicate that Secured Party's security interest was terminated.

(d) PROVIDED FURTHER, that, subject to the terms and provisions hereof and unless otherwise stated herein, Debtor may retain possession (other than the Documentary Security now or hereafter delivered by Debtor to Secured Party), use and enjoyment of the Collateral, as long as no Default shall have occurred and be continuing.

B.2 Secured Party as Agent. Subject to Section B.1 hereof, Debtor hereby appoints Secured Party, and its successors and assigns, the true and lawful attorney of Debtor, irrevocably and with full power of substitution, in the name of Debtor or otherwise, to demand, receive, compromise, sue for, and give acquittance for, any and all rentals, profits, moneys and claims for money due and to become due under the Lease or otherwise arising out of this Article B, to endorse any checks or other instruments or orders in connection therewith, to make all waivers and agreements and to file any claims or take any actions or institute any proceedings with respect thereto which Secured Party may deem reasonably necessary or advisable, exercisable at any time on or after the occurrence of any Event of Default set forth in Article C of this Agreement. Anything herein contained to the contrary notwithstanding, neither Secured Party nor its nominee or assignee shall have any obligation or liability by reason of or arising out of this Article B to make any inquiry as to the nature or sufficiency of, to present or file any claim with respect to, or to take any action to collect or enforce the payment of, any amount to which it may be entitled at any time or times by virtue of this Article B.

B.3 Perfecting Security. Debtor hereby represents, warrants and covenants that as of the Funding Date (and after giving effect to any filings which Secured Party has advised Debtor it has previously made) all recordings and filings shall have been made which are necessary or appropriate to perfect Secured Party's interest in the Collateral, including, without limitation, recordings and filings with the ICC offices, and that no other filings, recordings, depositing or giving of notice is necessary in order to protect the rights of Secured Party in and to the Collateral. Debtor shall, from time to time and at its

own expense, promptly execute, acknowledge, witness, deliver and file or record, or procure the execution, acknowledgment, witnessing, delivery and filing or recordation of, such documents or instruments, and shall take or cause to be taken such other actions, as Secured Party may reasonably request for the perfection against Debtor and all third parties whomsoever of the security interest created by this Article B, of the rights and powers herein granted to Secured Party and for the continuation and protection thereof and shall promptly give to Secured Party evidence satisfactory to Secured Party of such delivery and filing or recording. Without limiting the generality of the foregoing, Debtor shall from time to time execute, acknowledge, witness and deliver such financing and continuation statements, notices and additional security agreements, make such notations on its records and take such other action as Secured Party may reasonably request for the purpose of so perfecting, maintaining and protecting such security interest of Secured Party, and shall cause this Agreement and each such financing and continuation statements, notices and additional security agreements to be filed or recorded in such manner and in such places as may be required by applicable law and as Secured Party may reasonably request for such purpose. Debtor hereby authorizes Secured Party to effect any filing or recording which Secured Party has requested pursuant to this Section B.3 without the signature of Debtor to the extent permitted by applicable law. The costs and expenses of Secured Party with respect to such actions shall be payable by Debtor on demand.

**B.4 After-Acquired Property.** Any and all property described or referred to in Section B.1 hereof which is hereafter acquired shall, without any further conveyance, assignment or act on the part of Debtor or Secured Party, become and be subject to the security interest herein granted as fully and completely as though specifically described herein. Debtor shall, at its expense, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary or proper for the perfection of the security interest being herein provided for in the Collateral, whether now owned or hereafter acquired.

**B.5 Usage.** So long as no default shall have occurred and be continuing under the Lease, Lessee shall be entitled to the possession and use of each Unit solely within the continental United States and Canada in accordance with the terms of this Agreement; provided, however, that such use shall be limited to the use of the Units by Lessee as permitted by the terms of the Lease, and no other use shall be permitted.

**B.6 Performance by Secured Party.** The assignment of the Documentary Security to Secured Party hereunder is made only

as security, and, therefore, shall not subject Secured Party to, or transfer, or pass, or in any way affect or modify, the liability of Debtor thereunder, it being understood and agreed that notwithstanding such assignment, or any subsequent assignment, all obligations of Debtor to other parties thereunder shall be and remain enforceable by such parties, and their respective successors and assigns, against, and only against, Debtor. Nevertheless, Secured Party may, at any time and from time to time at its option, upon prior written notice to Debtor, perform any act which is undertaken by Debtor to be performed by Debtor under the Documentary Security or hereunder, but which Debtor shall fail to perform, and, in such case, may take any other action which Secured Party may deem necessary for the maintenance, preservation or protection of its security interest in the Collateral. All moneys advanced and all expenses (including legal fees) incurred by Secured Party in connection with such action together with interest at the interest rate specified for overdue payments in the Note shall be repaid by Debtor to Secured Party upon demand, and shall be secured hereby as provided herein.

**B.7 Protection of Security.** Debtor shall not:

(a) permit any of the Collateral to be levied upon under legal process or to fall under any other lien or encumbrance of whatever nature arising as a result of claims against Debtor, except (i) the security interest created by this Agreement; (ii) liens for taxes either not yet due or being contested in good faith and by appropriate proceedings diligently conducted so long as such proceedings shall stay the enforcement thereof and the sale or forfeiture of any Unit or any part thereof or interest therein and so long as Debtor has provided Secured Party with a bond or other collateral security satisfactory to Secured Party in an amount not less than the amount of the lien; (iii) undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or employees' liens or other like liens arising in the ordinary course of business and securing obligations which are not delinquent or which shall have been bonded or the enforcement of which shall have been suspended (but only for the duration of such suspension); and (iv) the lien in favor of GECC securing the purchase price thereof, which lien is to be discharged by the payment made by Secured Party on the Funding Date pursuant to Section A.1 hereof (all of the foregoing being called "**Permitted Encumbrances**").

(b) except with the prior written consent of Secured Party and upon the terms and conditions, if any, specified in such consent, sell, assign (including by virtue of assignments by operation of law), mortgage, pledge or otherwise transfer or encumber any of the Collateral, except as

contemplated herein, or take any action which would permit any party other than Secured Party to perfect any security interest in the Collateral, whether for purchase money or otherwise.

B.8 Indemnity for Acts of Debtor. Debtor covenants and agrees with Secured Party that in any suit, proceeding or action brought or taken by Secured Party under the Documentary Security, or this Agreement, Debtor will save, indemnify and keep Secured Party harmless from and against all expense (including legal fees), loss or damage suffered by reason of any defense, setoff, counterclaim or recoupment whatsoever of any other party thereto, or their respective successors or assigns, arising out of a breach by Debtor of any obligation thereunder or arising out of any other indebtedness or liability at any time owing to any other party thereto, or their respective successors or assigns. Any and all such obligations of Debtor shall be and remain enforceable against and only against Debtor and the Collateral.

B.9 Notices under the Lease or the Refurbishment Agreements. Debtor shall cause copies of all notices received or sent by it in connection with the Lease or any other lease relating to the Units, including, without limitation, any notice of cancellation or termination under the Lease, any default or dispute with respect to the Lease, or any adverse change in any Unit, or any notices under the Refurbishment Agreements to be promptly delivered to Secured Party at Secured Party's address below; provided, however, that Debtor shall not be required to deliver to Secured Party copies of routine correspondence with respect to the Units which do not individually or in the aggregate materially affect the value of the Units. Secured Party will give Debtor notice of any claim, of which Secured Party has actual knowledge, by any party against Debtor, and will permit Debtor to intervene in any such proceedings.

B.10 Disclaimer by Secured Party. Secured Party makes no representations or warranties with respect to the Collateral or any part thereof, Secured Party shall not be chargeable with any obligations or liabilities of Debtor with respect thereto and Secured Party shall have no liability or obligation arising out of any such claims, known or unknown, with respect to the Collateral.

## C. DEFAULT

C.1 Defaults. The following events are defaults hereunder (each a "Default" or "Event of Default"):

(a) Debtor shall fail to pay an installment of the principal of or interest on the Note when due, whether at the

due date thereof, by acceleration, as part of a prepayment or otherwise, without regard for any limitation of liability therein or herein.

(b) Debtor shall default in performance of its obligations under this Agreement or any other agreement between Debtor and Secured Party, and such default shall continue for ten days after written notice thereof to Debtor from Secured Party.

(c) Beneficial Owner shall default in a material respect in performance of its obligations under the Support Agreement or any other agreement between Beneficial Owner and Secured Party, and such default shall continue for ten days after written notice thereof to Beneficial Owner from Secured Party.

(d) An "Event of Default" specified in section 14 of the Lease shall have occurred and be continuing thereunder.

(e) Any representation or warranty on the part of Debtor made herein or in any report, certificate, financial or other statement furnished in connection with this Agreement, or the transactions contemplated herein shall prove to have been false or misleading when made in any respect material to the transactions contemplated hereby.

(f) Any representation or warranty on the part of Beneficial Owner made in the Support Agreement or in any report, certificate, financial or other statement furnished in connection therewith, or the transactions contemplated herein shall prove to have been false or misleading when made in any respect material to the transactions contemplated hereby.

(g) Beneficial Owner shall fail to pay, when due, any obligation for the payment of money incurred or assumed by Beneficial Owner (including without limitation obligations under capitalized leases, conditional sale agreements and the like) or shall fail to observe or perform any covenant or agreement in any document creating such obligation for the payment of money, if the effect of such failure is to cause any such obligations to become due prior to its stated maturity.

(h) Any claim, lien or charge shall be asserted against or levied or imposed upon the Collateral which is prior to or on a parity with the security interest granted hereunder, and such claim, lien or charge shall not be discharged or removed, or bonded against to the reasonable satisfaction of Secured Party.

(i) Debtor or Beneficial Owner shall (i) file, or consent to the filing against it of a petition for relief under

any bankruptcy or insolvency laws, (ii) make an assignment for the benefit of creditors, (iii) consent to the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator, or other official with similar powers over Debtor or Beneficial Owner or a substantial part of its property, or (iv) take corporate action for the purpose of any of the foregoing.

(j) A court having jurisdiction over Debtor or Beneficial Owner or the property of either of them shall enter a decree or order in respect of Debtor or Beneficial Owner or such property in an involuntary case under any bankruptcy or insolvency law, or shall appoint a receiver, liquidator, assignee, custodian, trustee, sequestrator, or official with similar powers over Debtor or Beneficial Owner or any such property, or shall order the winding-up or liquidation of the affairs of Debtor or Beneficial Owner, and such order or decree shall continue in effect for a period of sixty (60) consecutive days.

(k) The sale, lease, assignment or other transfer or disposition of substantially all of the common stock of Beneficial Owner or substantially all of the assets of Beneficial Owner without Secured Party's prior written consent.

(l) The sale, lease, assignment or other transfer or disposition of substantially all of the trust estate created by the Trust Agreement or substantially all of the assets of the Debtor without Secured Party's prior written consent.

## C.2 Effect of a Default.

(a) Remedies. Upon the occurrence of any Default and at any time thereafter so long as the same shall be continuing, but subject always to any mandatory requirements of applicable law then in effect, Secured Party may, at its option, do any one or more or all of the following acts, as Secured Party in its sole and complete discretion may then elect:

- (i) by written notice to Debtor declare the entire principal amount of the Note and any other amounts payable hereunder or under any other agreement between Debtor and Secured Party to be due and payable, forthwith, whereupon the Note shall become due and payable, both as to principal and interest, without presentment, demand or protest of any kind, all of which are hereby expressly waived, anything contained herein or in the Note to the contrary notwithstanding;

- (ii) exercise all rights and remedies of Debtor under the Security Documentation, and Debtor shall have no further rights thereunder until the security interest granted hereunder reverts to Debtor;
- (iii) institute legal proceedings to foreclose upon and against the security interest granted herein to recover judgment for all amounts then due and owing as Indebtedness, and to collect the same out of any of the Collateral or from Debtor directly;
- (iv) institute legal proceedings for the sale, under the judgment or decree of any court of competent jurisdiction, of any of the Collateral;
- (v) institute legal proceedings for the appointment of a receiver or receivers pending foreclosure hereunder or the sale of any of the Collateral under the order of a court of competent jurisdiction or under other legal process;
- (vi) directly, or by agents or attorneys, enter into and upon any premises wherein the Collateral or any part thereof may then be located, and take possession of all or any part thereof or render it unusable, and, without being responsible for loss or damage (other than loss or damage resulting from Secured Party's gross negligence or willful misconduct), hold, store and keep idle, or operate, lease or otherwise use or permit the use of the same or any part thereof for such time and upon such terms as Secured Party may determine, in a commercially reasonable manner;
- (vii) directly, or by agents or attorneys, enter into and upon any premises wherein the Collateral or any part thereof may then be located, and take possession of all or any part thereof with or without process of law and without being responsible for loss or damage (other than loss or damage resulting from Secured Party's gross negligence or willful misconduct), and sell or dispose of all or any part of the same, free from any

and all claims of Debtor or of any other party claiming by, through or under Debtor at law, in equity or otherwise, at one or more public or private sales, in such place or places, at such time or times and upon such terms as Secured Party may determine, in a commercially reasonable manner with or without any previous demand on or notice to Debtor or advertisement of any such sale or other disposal; the power of sale hereunder shall not be exhausted by one or more sales, and Secured Party may from time to time adjourn any sale to be made hereunder;

- (viii) demand, collect, and retain all rentals, earnings and all other sums due and to become due pursuant to subsections (vi) or (vii) of this Section C.2(a) from any party whomsoever, accounting only for net earnings arising after charging against all receipts from the use of or sale of the Collateral, all costs and expenses of, and damages or losses by reason of, such use or sale power;
- (ix) if and to the extent the Default results from a breach by Debtor of any representation, warranty or covenant of Debtor contained herein, institute legal proceedings against Debtor to enforce performance of the applicable covenant of Debtor or to recover damages for the breach of any such representation, warranty or covenant; and
- (x) exercise any other right, power, privilege or remedy which may be available to a secured party under the Uniform Commercial Code or any other applicable law.

(b) Notice. If Secured Party must give prior notice to Debtor of any of the foregoing acts, Debtor hereby covenants and agrees that a notice sent to it in writing by certified mail, return receipt requested, at least ten (10) business days before the date of any such act (or such longer period as may be required by applicable law), at its address provided hereunder shall be deemed to be reasonable notice of such act and, specifically, reasonable notification of the time and place of any public sale hereunder and the time after which any private sale or other intended disposition is to be made hereunder.



(c) Application of Proceeds. The proceeds from the sale of the Collateral pursuant to any of the provisions of this Section C.2 shall be applied by Secured Party as follows:

- (i) First, to the payment of costs and expenses of foreclosure or suit, if any, and of such sale, and of all proper expenses, liability and advances, including legal expenses and reasonable attorneys' fees, incurred or made hereunder by Secured Party, and of all taxes, assessments or liens superior to the lien of these presents, except any taxes, assessments or other superior lien subject to which said sale may have been made;
- (ii) Second, to the payment to Secured Party of the amounts of principal, premium, if any, and accrued interest unpaid on the Note; and in case such proceeds shall be insufficient to pay in full the amount unpaid on the Note, then first, to the unpaid interest thereof, and thereafter to the unpaid principal thereof, and premium, if any; and
- (iii) Third, to the payment of the surplus, if any, to Debtor, its successors and assigns, or to whosoever may be lawfully entitled to receive the same.

C.3 Waiver by Debtor. To the fullest extent that it may lawfully so agree, Debtor shall not at any time insist upon, claim, plead, or take any benefit or advantage of, any appraisal, valuation, stay, extension, moratorium, redemption or any similar law now or hereafter in force in order to prevent, delay or hinder the enforcement of this Agreement or the absolute sale of any part or all of the Collateral or the possession thereof by any purchaser at any sale pursuant to Section C.2 above; and Debtor, for itself and all who may claim through it, as far as it or they now or hereafter lawfully may so do, hereby waives the benefit of all such laws and all right to have the Collateral marshalled upon any foreclosure hereof, and agrees that any court having jurisdiction to foreclose under this Agreement may order the sale of the Collateral as an entirety.

C.4 Right to Purchase Collateral. At any sale pursuant to Section C.2 hereof, Secured Party or its agent may, to the extent permitted by applicable law, bid for and, if Secured Party is the highest bidder, purchase the Collateral offered for sale, may use any claim for Indebtedness payable to it as a credit against the purchase price and, upon compliance in full with the terms of such sale, may hold, retain and dispose of such property without further accountability therefor to Debtor

or any other party.

C.5 Cumulative Rights. Each right, power and remedy herein specifically granted to Secured Party or otherwise available to it shall be cumulative, and shall be in addition to every other right, power and remedy herein specifically given or now or hereafter existing at law, in equity or otherwise; and each right, power and remedy, whether specifically granted herein or otherwise existing, may be exercised, at any time and from time to time, as often and in such order as may be deemed expedient by Secured Party in its sole and complete discretion; and the exercise or commencement of exercise of any right, power or remedy shall not be construed as a waiver of the right to exercise, at the same time or thereafter, the same or any other right, power or remedy. No delay or omission by Secured Party in exercising any such right or power, or in pursuing any such remedy, shall impair any such right, power or remedy or be construed to be a waiver of any Default on the part of Debtor or an acquiescence therein. No waiver by Secured Party of any breach or Default of or by Debtor under this Agreement shall be deemed to be a waiver of any other or similar, previous or subsequent breach or Default.

C.6 Rights Under Security Documentation. Notwithstanding any of the provisions of this Agreement to the contrary, neither Debtor nor Secured Party shall, in the absence of a default under the Security Documentation, take any action contrary to the rights of Debtor under the Security Documentation except in accordance with the provisions thereof.

#### D. MISCELLANEOUS

D.1 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of Debtor, Secured Party and their respective successors and assigns, provided that Debtor shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of Secured Party. Debtor acknowledges that Secured Party may, in its sole discretion, sell or assign Secured Party's interests in this Agreement, the Note and the documents referred to herein to which Secured Party is a party, in whole or in part, to any person, firm, partnership or corporation (an "Assignee"), and that all of the rights of Secured Party herein and therein may be enforced without limitation by such Assignee.

D.2 Governing Law and Amendments. The terms of this Agreement and all rights and obligations of the parties hereto shall be governed by the laws of the State of Illinois, without regard to its conflicts of law doctrine. The terms, rights and

obligations contained in this Agreement may not be changed orally, but may be changed only by an agreement in writing signed by the party against whom enforcement of such change is sought.

D.3 Standard of Knowledge. For purposes of this Agreement, no party shall be deemed to have knowledge of any occurrence unless the President, any Vice President or any Assistant Vice President of such party (or, in the case of the Debtor, of the trustee of the Debtor) shall have actual knowledge thereof.

D.4 Notices. All notices and other communications provided for hereunder shall be in writing or by a telecommunications device capable of creating a written record, and any such notice shall become effective (a) upon personal delivery thereof, including, without limitation, by overnight mail and courier service, (b) five days after the date on which it shall have been mailed by United States mail (by certified mail, postage prepaid, return receipt requested), or (c) in the case of notice by such a telecommunications device, when properly transmitted, addressed to each party at the following addresses:

If to Secured Party:

UNUM Life Insurance Company of America  
2211 Congress Street  
Portland, Maine 04122-0590  
Attention: Bond Investment Division  
Fax No.: 207-770-4000

If to Debtor:

in care of Wilmington Trust Company  
Rodney Square North  
1100 North Market Street  
Wilmington, Delaware 19890-0001  
Attention: Corporate Trust Administration  
Fax No.: 302-651-1576

With a copy to:

IC Leasing Corporation II  
in care of Illinois Central Railroad Company  
455 North Cityfront Plaza Drive  
Chicago, Illinois 60611  
Attention: Douglas Koman

and to:

Peter V. Fazio, Jr.  
Schiff, Hardin & Waite  
7200 Sears Tower  
Chicago, IL 60606  
Fax No.: 312-258-5600

or to such other address as any party hereto may designate by prior written notice.

D.5 Survival. All warranties, representations, agreements and covenants made by Debtor herein or in any certificate or other instrument delivered by Debtor shall be considered to have been relied upon by Secured Party hereto and shall survive the consummation of the transactions contemplated hereby regardless of any investigation made by Secured Party or on behalf of Secured Party; provided, however, that no claim or action can be pursued by Secured Party against Debtor for breach of any representation or warranty contained in Section A.4 hereof after such time as all payments due under the Note have been paid to and indefeasibly vested in Secured Party and Debtor shall otherwise have complied with all of its other obligations hereunder and under the Note. All statements in any such certificate or other instrument shall constitute warranties, representations and covenants by Debtor to the same effect as if set forth herein.

D.6 Headings. The headings of the sections of this Agreement are inserted for purposes of convenience only and shall not be construed to affect the meaning or construction of any of the provisions hereof.

D.7 Entire Agreement. This Agreement, together with the Note and the documents referred to herein, are intended by the parties as a final expression of their agreement and are intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein and therein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein and therein. This Agreement, together with the Note and the documents referred to herein, supersedes all prior agreements and understanding between the parties with respect to such subject matter.

D.8 Attorneys' Fees. In any action or proceeding brought to enforce any provision of this Agreement, the Note, or the documents referred to herein, or where any provision hereof or thereof is validly asserted as a defense, the successful party shall be entitled to recover reasonable attorneys' fees in

addition to any other available remedy.

**D.9 Severability.** If at any time subsequent to the date hereof any provision of this Agreement shall be held by any court of competent jurisdiction to be illegal, void, or unenforceable, such provision shall be of no force and effect, but the illegality or unenforceability of such provision shall have no effect upon and shall not impair the enforceability of any other provision of this Agreement. Debtor shall negotiate in good faith to replace any prohibited, invalid or unenforceable provision with a valid provision or provisions the economic effect of which shall reflect the economic bargain manifested in the prohibited, invalid or unenforceable provision.

**D.10 Reproduction of Documents.** This Agreement and all documents relating hereto including, without limitation, (a) consents, waivers and modifications which may hereafter be executed, (b) documents received on or as of the Funding Date, and (c) financial statements, certificates and other information previously or hereafter furnished to any party hereto, may be reproduced by such party by any photographic, photostatic, microfilm, microcard, miniature photographic or other similar process and such party may destroy any original document so reproduced, all at the cost of such party. The parties hereto agree and stipulate that any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made in the regular course of business) and that any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence.

**D.11 Counterparts.** This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the parties hereto each have caused this Security Agreement and Mortgage to be executed by duly authorized officers of the date first written above.

IC LEASING TRUST II,  
Debtor

By Wilmington Trust Company,  
not in its individual capacity  
but solely as trustee under  
the Trust Agreement referred  
to herein

By:   
Title: \_\_\_\_\_

UNUM LIFE INSURANCE COMPANY OF  
AMERICA  
Secured Party

By: \_\_\_\_\_  
Title: \_\_\_\_\_

IN WITNESS WHEREOF, the parties hereto each have caused this Security Agreement and Mortgage to be executed by duly authorized officers of the date first written above.

IC LEASING TRUST II,  
Debtor

By Wilmington Trust Company,  
not in its individual capacity  
but solely as trustee under  
the Trust Agreement referred  
to herein

By: \_\_\_\_\_  
Title: \_\_\_\_\_

UNUM LIFE INSURANCE COMPANY OF  
AMERICA  
Secured Party

By:   
Title: Second Vice President

STATE OF DELAWARE

COUNTY OF

)  
) SS:  
)

On this 29th day of March, 1993, before me personally appeared \_\_\_\_\_ to me personally known, who being by me duly sworn, says that she is the \_\_\_\_\_ of Wilmington Trust Company, the trustee for IC Leasing Trust II, that said instrument was signed on behalf of said corporation by authority of its Board of Directors; and acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

\_\_\_\_\_  
Notary Public

(SEAL)

My commission expires:

STATE OF MAINE

COUNTY OF CUMBERLAND

)  
) SS.  
)

On this 29th day of March, 1993, before me personally appeared Charles E. Prinn II, to me personally known, who being by me duly sworn, says that he is a Second Vice President of UNUM Life Insurance Company of America, that said instrument was signed on behalf of said corporation by authority of its Board of Directors; and acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

(SEAL)

My commission expires:

*Roxanne M. McGreevy*  
ROXANNE M. MCGREEVY  
NOTARY PUBLIC, MAINE  
MY COMMISSION EXPIRES MARCH 5, 1999



EXHIBIT A

PROMISSORY NOTE

\$4,454,000.00

Dated: March \_\_, 1993

FOR VALUE RECEIVED, IC LEASING TRUST II, a Delaware trust ("Debtor"), hereby promises to pay to the order of UNUM LIFE INSURANCE COMPANY OF AMERICA ("Secured Party"), by wire transfer of immediately available federal funds to:

Mellon Bank  
Pittsburgh, Pennsylvania  
ABA No. 043000261  
for the account of  
UNUM Life Insurance Company of America/SEC  
Account No. 117-4176

or such other place as the holder hereof shall from time to time specify to Debtor, the principal amount of \$4,454,000.00 in lawful money of the United States, together with interest, in like money, from the date hereof on the unpaid principal amount hereof from time to time outstanding at the rate of \_\_\_\_ percent per annum. All calculations of interest on this promissory note shall be made on the basis of a 360-day year containing twelve 30-day months.

Principal and interest on this promissory note shall be payable in ninety monthly instalments of principal and interest, payable on the dates, and in the amounts, specified in Schedule A hereto. The entire unpaid principal amount of this promissory note, together with accrued interest thereon, shall be paid in full on September 30, 2000.

This promissory note is the Note referred to in, and is entitled to the equal and ratable benefit of, the Security Agreement and Mortgage dated as of March 30, 1993 (the "Agreement"), between Debtor and Secured Party. This promissory note is secured by a grant of security made by Debtor to Secured Party pursuant to the Agreement, and liability hereon is limited to the income and proceeds from that certain Railroad Locomotive Lease Agreement more fully described in the Agreement. Reference is hereby made to the Agreement for a statement of the terms and conditions under which this promissory note is issued and for a description of the property assigned, the nature and extent of the security and the rights of Secured Party in respect of such security. Upon the occurrence of an Event of Default (as defined in the Agreement), the principal hereof and accrued interest hereon may be declared due and payable in the manner, upon the conditions and with the effect provided in the Agreement.

This promissory note, to the extent permitted by applicable law, shall bear interest at the rate of \_\_\_\_\_ per annum on any part of the principal or interest hereof or the Prepayment Fee (as defined in the Agreement) not paid when due for any period during which the same shall be overdue. If any payment of principal, interest or Prepayment Fee on this promissory note shall become due on a Saturday, Sunday, or a date which is a public holiday in Chicago, Illinois, such payment shall be made on the next succeeding business day and interest shall be payable on any principal amount so extended for the period of such extension.

This promissory note is subject to mandatory prepayment, as provided in the Agreement. In addition, subject to the provisions of subsection (5) of Section A.2 of the Agreement, Debtor has the right to prepay all of the outstanding principal and accrued interest on this promissory note on any payment date occurring on or after December 30, 1996. Upon any prepayment of this promissory note pursuant to the provisions of subsection (3) or subsection (5) of Section A.2 of the Agreement, Debtor shall be obligated to pay the Prepayment Fee.

All prepayments of principal shall be applied to the outstanding principal balance of this promissory note in accordance with the terms of the Agreement. All payments of the Prepayment Fee, if any, shall be applied to discharge Debtor's obligations with respect to the Prepayment Fee. All other payments under this promissory note shall be applied first, to the payment of accrued and unpaid interest, and second, to the payment of principal.

Debtor hereby waives presentment, demand or protest of any kind otherwise required in connection with the payment of principal, interest or the Prepayment Fee on this promissory note or the acceleration of maturity, notice of nonpayment, notice of protest and notice of dishonor. This promissory note shall be construed in accordance with and governed by the laws of the State of Illinois, without regard to its conflicts of law doctrine.

IC LEASING TRUST II

By Wilmington Trust Company, not in its individual capacity but solely as trustee

By:   
Title: Senior Financial Services Officer

SCHEDULE A

Note Payment  
Date

Principal  
Payment

Interest  
Payment

Total  
Payment